

Statement of
Leo F. Mullin
Chairman and Chief Executive Officer
Delta Air Lines

Before the Senate Commerce Committee
September 14, 2000

Regarding
Air Traffic Delays

**Statement of Leo F. Mullin
Chairman and Chief Executive Officer
Delta Air Lines
Before the Senate Commerce Committee
September 14, 2000, Regarding Air Traffic Delays**

Mr. Chairman and Members of the Commerce Committee, it is a real pleasure for me to be here today to present Delta's testimony on the causes of airline delays and cancellations that are seriously plaguing our industry and eroding the public's confidence in our air transportation system. We are grateful to have the opportunity to address this critical topic. It is vitally important that we properly diagnosis the reasons for delays so that appropriate measures can be taken to reduce and eliminate the problem.

Virtually everyone taking part in these hearings today agrees that the American aviation system is in crisis, poised on the cusp between breakdown and renewal. At heart, the system exists to provide safe, reliable, convenient and comfortable air service to our customers. While air service remains safe, it is no longer consistently reliable, convenient or comfortable.

This is not news, and the situation did not occur overnight. Various blue ribbon committees, including the National Civil Aviation Review Commission report of 1997 (commonly referred to as the Mineta report), warned of coming air space gridlock. Those predictions have proven to be distressingly accurate as flight delays have increased an estimated 50 percent over the past five years.

While our current situation is not news, what is new is the urgency of the situation, due in large part to escalating frustration on the part of the flying public, which is a fast-growing segment

of the population. In fact, the rapid growth in passengers -- and hence, the accompanying growth in airline operations -- is at the center of the air travel crisis.

Each year, more people travel more often: around 250 million in 1978; 650 million in 1999; and an anticipated one billion by 2009. This growth is straining each of the three key components of the aviation system, including airlines, airports and air traffic control. All three are groaning under increasingly heavy passenger crowds -- and for all three, increased capacity is the only solution if we are to meet consumer demand and at the same time return reliability, convenience and comfort to air travel.

If we fail to increase capacity, two equally unacceptable options remain. The first would be to meet increasing demand by scheduling more flights without adding capacity, causing the aviation system to fall even further behind in its ability to deliver acceptable levels of convenient and reliable customer service. The second option would be to ration air travel services, which is a disturbing prospect for business travelers who want to fly to New York -LaGuardia or Washington-Reagan National on Monday mornings or for passengers who hope to make it home for the holidays.

The rationing of services also presents a dilemma because it would most likely limit air service to new markets in particular, which would impact the growth of regional jets (RJs). RJs are the compact, efficient new planes that are changing the aviation landscape by bringing much-needed, much-sought-after jet service to citizens throughout the heartland of America. These small and medium-sized communities, frequently referred to as "pockets of pain," have been undeserved by airlines as a result of the market dynamics of deregulation.

Today, RJs permit profitable nonstop jet service between these communities and larger cities that previously could be reached only with flight connections, often onboard less-popular propeller aircraft. Within the last several months, Delta has launched RJ service between Portland, Maine and New York-LaGuardia; Columbia, South Carolina and Dallas/Ft. Worth; and Worcester, Massachusetts and Atlanta, to name just a few new markets.

But despite the increased service levels RJs bring to these communities, RJs are not the cause of the escalation in delays and cancellations witnessed in June

and July. In fact, the majority of new RJ service actually replaces less-desirable propeller aircraft flights. It is a disservice to citizens in smaller cities who want more jet service to suggest that the introduction of these aircraft is having a disproportionate impact on delays, and it is nearly unthinkable that we suggest to them a return to the days of propeller aircraft and inconvenient connections.

So, if we reject these options and agree that the aviation system must aim to provide the service customers want, then it is clear that we need adequate infrastructure to meet growing demand. How have each of the three aviation system component been responding to this challenge, and with what success?

For airlines, meeting capacity requirements requires that we provide aircraft, supporting technical structure, and a motivated and skilled workforce. During the last 5 years at Delta we have made new aircraft investments of \$9 billion and technology investments of over \$3 billion, and our workforce has increased, through acquisition and real growth, by 30 percent to 81,000 people. As part of those investments, we've pioneered new levels of service with our growing RJ fleet.

Nonetheless, customer demand has outpaced our growth. This is best demonstrated by looking at the ever higher load factors. In the summer of 1985, Delta's average system load factor (percentage of occupied seats on each flight) was 62 percent; this past summer our load factor averaged more than 81 percent.

The second aviation system component -- airports -- provide the infrastructure to service airline flights. Airports have spent \$30- to \$35-billion in the last 5 years for a broad range of improvements. Yet, from terminals to taxiways, capacity has not kept up with passenger growth. Most major airports are seriously overcrowded, creating further customer discomfort when delays and cancellations

concentrate the crowds. But the most significant contributor to delay problems by airports is the lack of runway capacity.

As the September 12 cover story in USA Today indicates, U.S. airport infrastructure expansion plans on the drawing board today total as much as \$80 billion. However, airport expansion plans almost everywhere are delayed by community and other objections so that completion time for runway and other projects often runs into the decades. Even as passenger traffic has grown rapidly, only 18 new runways were added during the 1990s, and only 5 of those were at large hub airports.

More troubling still is the realization that there is no relief on the immediate horizon. While 15 new runways are planned in the next 6 years at the top 25 airports, including Atlanta Hartsfield, San Francisco Bay, and Cleveland-Hopkins, the FAA reports that only five runways are under construction today: Phoenix, Detroit, Minneapolis/St. Paul, Orlando, and Seattle.

But the aviation system component whose capacity is of most significant concern to us all today is the third on our list: air traffic control. Airlines are a unique industry in that we do not control the air space which is essentially our production line. Instead, air space is controlled by the air traffic control system, or ATC. The ATC system has not kept pace with passenger demand and, while the current management team has taken steps to rectify this situation, it is too little, too late.

The picture, then, is one wherein much effort has been expended and much money spent. Yet the situation -- measured (as it must be) by our ability to serve

customers -- is worse. The aviation system capacity issues experienced by airlines, airports and ATC will not be resolved by the passing of time or the end of summer thunderstorms. In addition, the climate surrounding the current situation is fraught with tension. Customer frustration is high; travel has become an ordeal. And lately, the conflict between airline management and airline labor has overflowed into the customer service arena, as was the case with United Airlines last month.

To further complicate the situation, these elements are playing out with the industry "wildcard" of potential mergers and consolidations looming in the background. This implies the threat of a new "mega" airline that would have a significant destabilizing effect on the industry. Such an imbalance would almost certainly lead to full industry consolidation, bringing with it broad implications for the competitive landscape and thereby the flying public..

However, as difficult as the situation facing us today is, it is not too late to take the necessary action. There are solutions available to us if each of the three aviation system components -- airlines, airports, and air traffic control -- commit fully to stop placing blame, begin taking responsibility and make sure that every decision we make going forward is a function of putting the customer first.

The airlines are on the front lines of this dilemma and we must take responsibility for the elements in this situation that are within our jurisdiction. The first and most important of those elements is customer service, especially during the delays and cancellations we are discussing today. The standards for how we can best assist passengers, especially during irregular operations, has been outlined in the plan we developed last year, the Airline Customer Commitment.

The Commitment outlines a broad-scaled program to provide effective customer service solutions, with most of the initiatives focused on improved communications, more consistent application of policies and better handling of irregular operations. Our immediate job must be to fully implement that program across the industry, with special emphasis on minimizing the passenger frustration and inconvenience when flights don't run as scheduled. At Delta, we put significant effort into this program, as has most of the industry. Many of those programs and procedures are outlined in the attached letter from myself to The Honorable Francisco J. Sanchez, Assistant Secretary for Aviation and International Affairs at the U.S. Department of Transportation. Now, all airlines must maintain an unwavering focus on meeting and exceeding the Commitment guidelines.

Another responsibility that the airlines and airline labor must shoulder is to find ways to keep management/labor issues out of the customer service arena. Both sides must bargain constructively and there must be better adherence to provisions of the Railway Labor Act, including abstinence from any unauthorized work action. Relative to the customer, the Hippocratic oath should prevail in all parts of the bargaining process: First, do no harm.

And while customer service requires that we offer passengers the flights they want, when they want them, the airlines must also work to balance this imperative with another customer service mandate: the operation of timely, reliable schedules. The current situation of inadequate airport and airspace capacity makes the attainment of that goal nearly impossible and, as a result, airlines must assume some responsibility for finding appropriate compromises.

Delta has worked to avoid over scheduling flights through several proactive steps. At Atlanta Hartsfield, for example, we have extended the morning and

evening hours between which we schedule flights. And we have increased the number of “connecting banks”, or groups of closely timed flights which are simultaneously at the gate, to allow faster, easier flight connections, reducing pockets of concentrated activity.

In the longer term, airlines must continue to work closely with the Federal Aviation Administration to find additional ways to maximize airspace and better utilize existing ATC systems. We also need to create a common, system-wide performance measurement system that allows factual, accurate assessments of our progress.

For airports, the task requires continued investment in runways, taxiways and gates in order to manage increasing customer traffic, supported by new methods of expediting the implementation of expansion plans. Congress has already provided crucial assistance by passing Air 21, which guarantees funding both for essential airport capacity programs and for ATC improvements.

Finally, and perhaps most importantly, we must take a short but very focused look at the third aviation system component, the air traffic control system. To begin this process, the short-term fixes identified as part of the Spring 2000 Initiative must be implemented immediately and aggressively. But beyond that, the time has come to pursue fundamental ATC reforms if we are to ensure that we maintain our nation’s excellent aviation safety record while at the same time increasing the efficiency and capacity of the system.

To do this effectively, ATC should be separated from the FAA, creating a new, government-sponsored entity that may continue to operate under federal ownership but with financing based upon the cost of producing the service, paid by the user. The new entity should be governed by a board of private/public representatives and operated in ways similar to the private sector in terms of management structure, personnel policies and compensation.

These are not new ideas – but they are no longer just interesting options. They are urgent and necessary responses to ensure our nation continues to have the safest, most effective, most affordable, most comprehensive air system in the world. Our aviation network has paid

immeasurable societal and economic benefits. We owe it to the American public to save that system now -- and then, make that system even better for tomorrow.